

January 2001  
Tasks for the New Year

The start of a new year is traditionally a time to reflect on what needs to be accomplished during the next twelve months. For the PECFA program, this is especially true. The end of 2000 brought us very close to completing the work on Comm 46 and the opportunity to concentrate our efforts on other projects that still need to be completed. Although any "to do list" is obsolete as soon as you create it, the following items are on our near term agenda:

- **Completion of the model contract for remediation services.** Before the holidays, we completed a new draft of the model contract for use by owners and consultants who are working under caps established through the competitive bidding process. We sent this new generation document out to our work group for review. The next step in the development process will be a review of this third generation version and a determination of final changes. Once we have a completed document, we will be working to select a broker who will assist PECFA in developing and obtaining cap insurance that will wrap around the bid process and the model contract.
- **Report to the legislature on interest costs.** In the last budget bill, we were asked to look at interest costs within the PECFA program and to report to the legislature on the topic. We have waited a period of time to begin development of this report so that we could better assess a number of key features including the impact of the bonding payments, changes in interest rate reimbursement provisions and the relationship of progress payments to interest costs. We are now at a point where we can start to draw some conclusions and we have started working on the required report.
- **Program deductibles.** Also in the previous budget bill, the legislature took action to increase the program deductible for many site owners. While making the change in deductibles, however, the legislature also created a provision that allowed the Department to maintain the original deductible for municipalities who are conducting a PECFA cleanup as part of a brownfields redevelopment and owners or operators who meet a financial hardship criteria. As might be expected the "definition of financial hardship" will be the difficult part of this future rule package. PECFA is looking at some possible alternatives and will be working to develop a first generation draft that program participants can respond to.
- **Appeals.** The appeal process will continue to be a major area where alternatives and new approaches will need to be developed. As we have discussed in earlier articles, the bonding payments artificially compressed a large number of appeals into calendar year 2000. Although a number of strategies have been implemented to speed up the resolution of simple documentation issues, more complex issues are in for long delays unless some new approaches are tried. We expect that this will be on the agenda during the first part of 2001 and that it will be an issue where there will be significant participant input and comment on the alternatives and strategies that are suggested.
- **The Biennial Budget.** Although we do not expect as many changes to PECFA as we saw in the last budget bill, January brings the start of the formulation of a new biennial budget. In

every recent budget bill and legislative session, there have been changes and new developments for the PECFA program. We doubt that the next session will be any different. It would probably be a mistake to attempt to list the issues that will be discussed in the legislative session, one item is almost certain to be a topic of consideration. This topic is additional revenue bonding. Although the PECFA program will be able to maintain its pay as you go funding basis through June of 2001, the future beyond June 30<sup>th</sup> is much less clear. The dollar amount of regular funds available to the program for claim payments has been reduced by the debt service and interest costs associated with the initial bonding. In addition, the full \$270 million in bonding authority will have been expended by this upcoming summer. It is certain that one budget topic will be the need for future bonding and, if approved, the appropriate level. We can expect that this debate and other budget related issues will occupy a share of our time during the first half of the year.

Although new items are certain to move onto the priority list, the topics listed do have an urgency associated with them and we anticipate that you will be seeing and hearing more on each one of them during the first part of 2001.